

APPENDIX B: USED CAR CASE

BUYER # _____

USED CAR INDIVIDUAL CASE

You need a late model used car. You just accepted a job as an outside salesperson which necessitates a late model used car to transport prospects. In order to get the job, you fibbed and told your new employer that you were the proud owner of a late model vehicle, when, in fact, you were only in the market to buy a car. You begin work on your new job next week.

You just test drove and liked a one year old Ford being sold by a private party for \$16,500. The vehicle was in excellent condition and had only been driven 7,000 miles. You are going to negotiate with the seller in a few minutes to agree on a sales price.

You do not want to make monthly payments because you will be on commission and, accordingly, will not have a steady income stream. You have \$16,000 in a savings account which you would be willing to spend for a nice vehicle, however you still want to pay as little as possible.

Although there are plenty of used cars in the newspaper, most tend to be at least 3 years old and have high mileage. Moreover, high mileage vehicles generally require large annual maintenance expenditures to keep them running in good working order.

You checked the two other year old vehicles that were advertised in today's paper for \$13,000 and \$12,500. However, after checking them out, you discovered they were in unacceptable condition. One of them had 55,000 miles on the odometer while the appearance of the other vehicle was so bad that you didn't even take it for a test drive.

Since you need a late model auto by next week when you start your new job, you would like to buy this vehicle. However, you would like to pay as little as possible because you can't predict how much commission you will make on your new job.

Good Luck!

Before you begin negotiations:

What is the most you would be willing to pay this seller for this car? \$_____

What is the least you think you can buy this car for? \$_____

SELLER # _____

USED CAR INDIVIDUAL CASE

You own a one year old Ford which you must sell by today or the bank will repossess it for the \$10,000 you still owe on it. You have been unable to get any more extensions on your loan because you are already 4 months delinquent on your payments. Moreover, you just had your drivers license suspended for 12 months because of your latest reckless driving conviction.

You are asking \$16,500 for your Ford. You paid \$20,000 for it when you bought it new last year. Comparably equipped new Fords now cost \$23,000, while "Blue Book" prices for your vehicle range between \$13,000 and \$17,000.

You feel your auto is unique because it has low miles (7,000) and is in mint condition because you made sure it was well maintained.

You have been trying to sell your car for 2 months now. You have already rejected 2 offers for \$13,000 and \$10,500. Since you first placed your ad and before you knew of the bank's deadline, you accepted an offer for \$16,000, but it fell through because the buyer was unable to obtain financing.

The prospective buyer you are going to meet with today has the ability to pay in cash.

The classified ads contain two used Fords priced at \$13,000 and \$12,500.

You desperately need the money you would receive in excess of the loan balance to support your family until you can find a job. Your unemployment benefits have elapsed and you are still unemployed.

Good Luck!

Before you begin negotiations answer the following questions:

Indicate the minimum price you would accept for your car. \$ _____

Indicate the most you think you can get from this buyer for your car. \$ _____